

# Nottingham City Council

## Audit Committee

Minutes of the meeting held at LB 31 - Loxley House, Station Street, Nottingham, NG2 3NG on 31 January 2020 from 10.35 am - 12.29 pm

### Membership

#### Present

Councillor Steve Battlemuch (Chair)  
Councillor Graham Chapman  
Councillor Michael Edwards  
Councillor Jane Lakey  
Councillor Lauren O`Grady  
Councillor Anne Peach  
Councillor Andrew Rule  
Councillor Audra Wynter (Vice Chair)

#### Absent

Councillor Leslie Ayoola

### Colleagues, partners and others in attendance:

Glyn Daykin	- Senior Accountant Treasury Management
Jane Garrard	- Constitutional Services
John Gregory	- Grant Thornton External Auditors
Jackie Handley	- Insurance & Risk Manager
Naomi Matthews	- Data Protection Officer
Rob McCutcheon	- Health and Safety Team Leader
Steve Oakley	- Head of Contracting and Procurement
Laura Pattman	- Strategic Director of Finance
Tony Roman	- IT Customer Services Manager
Shail Shah	- Head of Audit and Risk
John Slater	- Group Auditor
Thomas Straw	- Senior Accountant Capital Programmes
Caroline Stevens	- Principal Risk Specialist
Kate Morris	- Governance Officer

### 50 Apologies

Councillor Leslie Ayoola – Council Business

### 51 Declarations of Interests

Councillors Steve Battlemuch and Lauren O`Grady declared an Other Interest in agenda item 11 Exempt Minutes (minute number 62) because they are members of the Robin Hood Energy Board. They both left the room prior to discussion on this item.

### 52 Minutes

Councillor Audra Wynter noted that within item 27 – Declarations of Interests it should also note that she is a member of Nottingham City Transport Board, and a member of the Nottingham City Homes Board.

For minute item 42 – Audit Committee Terms of Reference and Annual Work Programme – Councillor Chapman asked that the Work Programme come to each meeting as a standing item for noting. The Committee agreed that this would be beneficial.

With these amendments and suggestions the minutes of the meetings held on 27 September 2019 and 14 October 2019 confirmed as a true record and were signed by the Chair.

### **53 Non-Executive Amendments to the Constitution**

Jane Garrard, Senior Governance Officer introduced the report asking that the Audit Committee to recommend to Council the amendments to non- executive aspects of the Council's Constitution, mainly focused on Contract Procedure rules contained within Part 5 of the Constitution.

The Committee thanked Officers for the work on the amendments. The questions raised were on:

- formalising and making transparent who makes Make or Buy decisions
- a suggested de minimis level where a discounted cash flow would be expected to be included within the business case

Officers confirmed that work is underway on Make or Buy decisions and that this matter and that any alterations would come back to Audit Committee to recommend to Council at a future committee

**Resolved to recommend to Council that it approve the following amendments to non-executive aspects of the Council's Constitution: Adoption of revised Contract Procedure Rules as detailed in appendix A of the published report.**

### **54 Annual report of Health and Safety within the Council**

Rob McCutcheon, Team Leader for Corporate Safety Advice presented the annual report updating the Committee on Health and Safety within the Council. He highlighted the following points:

- (a) A new system has been introduced to record accidents and violent incidents. There has been a lot of work between teams and the Unions around ensuring teams across the Council report incidents consistently and as a result there has been a slight increase in incidents;
- (b) An estimated break down of reported incidents is 25% verbally threatening, 65% physical (this ranges from minor incidents through to serious incidents of physical violence) 10% physical intervention (primarily within school settings);
- (c) In relation to accidents almost half of the incidents reported within the Commercial operations relates to Civil Enforcement Officers;
- (d) All road traffic accidents are recorded which supports the Council in dealing with claims and helps keep insurance premiums down;
- (e) Current Health and Safety training for managers in required modules is much improved since the internal audit report 2016/17. 100% competency amongst SLMG managers was expected to be achieved shortly;

- (f) There has been no Health and Safety Executive interventions in the Council within the last three years, and there are no very high risks currently;

During discussion and following questions from Committee members the following additional information was highlighted:

- (g) There has been around a 10% rise in recorded incidents of violence towards staff. This jump is believed to be due to the more consistent reporting has made claims easier to investigate;
- (h) The increase in reported incidents has not led to a significant impact on insurance claims. The increased and more consistent reporting has made claims easier to investigate;
- (i) There have been a small number (3) of serious incidents within recent months where there is very little that could have been done to prevent them due to behaviour of citizens that could not be predicted;

The Committee asked that previous year's figures be included in subsequent reports to allow the Committee to make year on year comparisons.

**Resolved to:**

- (1) Note that Corporate Directors have been requested to ensure their departmental colleagues can demonstrate up to date training in the mandatory health and safety courses, and, where appropriate, asbestos management, by Friday 27 March 2020;**
- (2) Note that Corporate Directors have been requested to ensure that all outstanding Accident/Violence/Audit recommendations are completed and recorded on the corporate system by Friday 27 March 2020; and**
- (3) Note the absence of any Health and Safety Executive intervention in the Council in the past three years**

**55 Treasury Management 2019/20 Half Yearly Update**

Glyn Daykin, Senior Accountant – Treasury Management, presented the Treasury Management 2019/20 half-yearly update to the Committee. He highlighted the following points:

- (a) The Bank of England base rate has remained at 0.75% throughout this period and looks unlikely to change in the immediate future. Economic growth has fallen due to global uncertainty;
- (b) £40million of new borrowing has been undertaken in the period to 30 September 2019. External debt has increased by £24.3 million with an average rate of interest payable on the debt portfolio decreasing from 3.359% to 3.316%;

- (c) There has been an increase in the PWLB rates which was unexpected and covers the new loans only, the increase is to the margin that the treasury makes on top of the gilts rate. The October increase broadly reverses last year's decreases in PWLB rates;
- (d) There have been no breaches of the Prudential Indicators set for 2019/20;

Following questions and comments from the Committee the following further information was highlighted:

- (e) Short term borrowing has been used, particularly since the increase in PWLB rates;
- (f) The relevant teams are closely watching the Municipal Bonds to establish what, if any benefit Nottingham City Council could gain from them;

The Committee requested that in future the report could include

- comparison columns on tables so that original forecast and current forecast could easily be seen for schemes subject to slippage;
- a list of all schemes contributing to an increase in operational borrowing boundary

**Resolved to note the treasury management actions taken during the first half of 2019/20**

## **56 Review of Accounting Policies 2019/20**

Shail Shah, Head of Audit and Risk introduced the report informing the Committee about the review of Accounting Policies 2019/20. He informed the Committee that the small changes made to the policies were to be reviewed by the external auditors. He confirmed that there have been very few changes to the codes and changes were minimal as a result. Key changes were listed in the report.

The Committee asked for and received details of how an asset with deteriorating value would be treated.

**Resolved to:**

- (1) Agree the Accounting Policies for inclusion in the 2019/20 annual Statement of Accounts as detailed in Appendix A as published with the agenda; and**
- (2) Agree the proposals where International Financial Reporting Standards allow a degree of choice.**

## **57 Risk Management and Corporate Risk Register Update**

Caroline Stevens, Principal Risk Specialist and Jackie Handley Insurance and Risk Manager introduced the report on updating the Committee on Risk Management and the Corporate Risk Register.

- (a) A review in November 2018 showed that although risks were being identified departmentally they were not all being managed in line with the agreed framework, that departmental risk registers were not consistent across the Council and that links to the Corporate Risk Register were unclear;
- (b) As a result of this review the Risk Management Framework was refreshed and supporting guidance, templates and training developed to assist managers in undertaking any risk management activities;
- (c) Formal corporate risk reporting has been re-established the Corporate Leadership Team and a Corporate Risk Group has been established to allow thorough review of corporate risks and risks escalated from departmental risk registers;

The Committee expressed concern that Risk Management had once again needed to be “refreshed” and that the principles of Risk Management were not part of day to day practice. Officers assured the Committee that although it needed time to mature the Risk Framework was now in place.

Following additional comments and questions from the Committee the following points were highlighted;

- (e) There is still work to be done, but this is around embedding good practice around risk management and ensuring that departmental level reporting is supported and improved;
- (f) A risk management training session for Audit Committee would be scheduled in summer 2020.

**Resolved to:**

- (1) Note the update on actions and progress made to review existing processes and embed Risk Management across the Council;**
- (2) Note the refreshed Risk Management Framework;**
- (3) Note the risks identified on the Corporate Risk Register; and**
- (4) Identify any risks requiring additional assurance for review with the risk lead at a future Audit Committee meeting**

**58 Additional Dates**

**Resolved to meet on the following additional dates:**

- **28 February 2020 at 10.30am**
- **1 May 2020 at 10am**

## **59 Exclusion of the public**

The Committee decided to exclude the public from the meeting during consideration of this/ the remaining agenda item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph(s) 3 of Part 1 of Schedule 12A to the Act.

In a change to the published agenda the Committee agreed to hear items 12 and 13, Exempt appendices for the Risk Management and Corporate Risk register, and the Annual Information Compliance Assurance report prior to the exempt minutes.

## **60 Risk Management and Corporate Risk Register Update - Exempt appendices**

The Committee considered the exempt appendices and discussion is noted within the exempt minutes.

## **61 Annual Information Compliance Assurance Report**

The Committee considered the Annual Information Compliance Assurance report.

**Resolved to agree the recommendations as set out in the exempt minute.**

## **62 Exempt Minutes**

Councillors Steve Battlemuch and Lauren O'Grady declared an Other Interest in this item because they are members of the Robin Hood Energy Board. They left the room prior to discussion on this item.

As Councillor Steve Battlemuch had left the room Councillor Audra Wynter, the Vice-Chair, chaired the remaining item of the meeting.

The exempt minutes of the meetings held on 27 September 2019 and 14 October 2019 were confirmed as a correct record and they were signed by the Chair.